Background:
When it is determined that an overpayment exists, the correct grant amount is computed based on information for the period involved in the overpayment.

Policy

44-350.F.1 Overpayment Calculation Due to Excess Property
When a customer held property in excess of eligibility limits, the overpayment is calculated as follows:

A. Determine the period of time the customer held the property which exceeded the property limits. For purposes of this section, the period that the customer held excess property includes all months in which the total property value of the same items of property exceeded the limit on the first day of the month, even though there may have been intervening months in which the total property value was below limits. Fluctuations in the value of individual items of property will not affect the determination of the period of time that the customer held excess property, as long as the same items of property are included in the total property valuation. If the customer disposes of an item of property, or acquires a new item, a new period begins and a separate calculation is required.

   The first month that can be determined for this period of excess property is the first month of the:
   - SAR Payment Period following the SAR 7 or SAWS 2 Plus, in which the excess property was required to be reported
   - AR/CO Payment Period following the SAWS 2 Plus in which the excess property was required to be reported

B. Determine the month, within the period, in which the property value, on the first day of the month, was the highest, and calculate the amount by which the property exceeded the eligibility limit.

C. Calculate the total amount of aid actually paid to the customer during the months excess property was held, subtracting any support payments, or other money received by the county, which was credited against the aid payment, for those months.

D. Determine whether the customer received aid in "good faith".
   The determination of "good faith" receipt of aid will be based on a preponderance of evidence establishing that the customer believed himself/herself to be eligible to the aid received. Take into consideration all available information, including an interview with the customer if he/she is available and willing to cooperate. The determination of "good faith" receipt of aid will be reasonable, objective, and drawn from all available information.

   The worker will not determine that a customer has received aid in "good faith" in cases where the customer was informed of his/her reporting responsibilities and, in the circumstances, the customer knew of his/her reporting responsibilities and failed to report, within his/ her competence.

E. If the customer received aid in "good faith", the amount of the overpayment is the lesser of the amount of excess in B, above or the total grant paid as calculated in C above.

44-350.F.2 Overpayment Due to Income or Need or Circumstances other than Excess Property

When an overpayment is due to over income or need, or circumstances other than property in excess of eligibility limits, calculate the overpayment as follows:

A. Compute the correct grant amount based on correct information for the month involved in the overpayment. If the customer was ineligible for that month, the correct grant amount is zero.

If a customer fails to report income timely, or the worker fails to act correctly or timely on a customer report, recalculate the cash aid the customer should have received, based on an accurate report and correct worker action. If the recalculation results in an overpayment, the date that the overpayment begins is the first date that the change would have been made, if timely and correct action had been taken based on the complete, timely, and accurate customer report.

When recalculating cash aid results in an overpayment, recreate case circumstances using the correct processing time frames based on what the customer should have reported. Recreate the case circumstances based on all reports that were required to be made. Rather than just looking at mandatory changes that would lower the grant and disregarding any changes that would have increased the grant, take into consideration any subsequent decreases in income that would have increased the benefit amount (and thus decrease the overpayment amount).

Recalculate the IRT based on the income used in each month of the overpayment calculation and use the multiplier when applicable* to determine a monthly average for weekly and biweekly income.

If the recalculation results in ineligibility for aid, and the income ended/decreased in the following month(s), determine eligibility under applicant test rules, for the months in which the income ended/decreased, to ensure they were eligible in the following month(s).

Note:
- *If the unreported income would have had the multiplier applied to it, (CPG 44-260.G.4 and CPG 44-270.F.6), also apply the multiplier to the unreported income.
- This policy applies to both client-caused and administrative-caused overpayments, including overpayments calculated during the IEVS process.
- As a reminder, supplemental payments are never issued retroactively based on actual income.

Refer to Questions and Answers 44-350.F1 Overpayments Under the SAR and AR/CO Systems, located in the CalWIN Intranet/Program Resources folder, for different examples on how to calculate overpayments.

In this computation allow all income disregards which would have been allowed if the grant had been correctly computed. Use the regulations in effect at the time the overpayment, occurred to determine the correct amount of the grant; unless they are subsequently invalidated by a court decision. In that case, use the instructions implementing the court decisions.

If the overpayment occurred prior to January 1, 1998, and if the overpayment is due to any earned income that the customer failed, without good cause, to report timely, earned income disregards are not allowed for that individual in that month.

Note:
- Earned income disregards in effect prior to January 1, 1998 were:
  1) $90 Standard Work Expense
  2) $30 and 1/3 earned income disregard
  3) dependent care disregard

- Earned income disregards between July 1, 2011 and September 30, 2013 were:
  1) $225 Income Disregard
     Use as a deduction from Disability-Based Income
  2) $112 Earned Income Disregard
     Use any remainder from the $225 DBI Disregard or $112 (whichever is less) as a deduction from the Earned Income
  3) 50% Earned Income Disregard
     Use as a deduction from Earned Income
  Refer to CPG 44-100.I.4 for additional information.

B. Subtract the correct grant amount from the amount of aid actually paid.

C. Subtract any support payments or other money received and retained by the county (minus the $50 child support disregard), as credited against the aid payment from the aid actually paid. Use form CW 30 for this calculation.

D. The total overpayment for each month is the lesser of the amount in B. or C. above.

E. The total overpayment is the sum of all amounts calculated in D. above.

Procedure:
Refer to Questions and Answers 44-350.F1 Overpayments Under the SAR and AR/CO Systems, located in the CalWIN Intranet/Program Resources folder, for different examples on how to calculate overpayments.

Impacts:
None.

References:
EAS 44-352
ACL 12-25
ACL 15-95

Approval for Release:
March 16, 2016

Sunset Date:
This policy will be reviewed for continuance by March 31, 2019.